

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON ACCREDITATION OF BUILDING PRACTITIONERS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON WEDNESDAY 15 NOVEMBER 2006.

Mr DAVID DIPROSE, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Harriss) - Welcome, David. We are in pretty much the same situation we were in some months ago when the DPP was investigating the matters relating to the service level agreement - that is, we have taken legal advice as to the jurisdiction of the committee pending the outcome of the court process. Therefore we can't go to matters relating to the service level agreement signed by John White and Bryan Green because of the sub judice nature of that process. Likewise, if you have any legal action pending either against you or your former directors, partners or whatever then you will need ultra cautious about that in terms of the sub judice nature of the considerations of this committee. I understand that Mrs McLeod in her communications with you has indicated that we need to be discussing with you today the process - the establishment of the TCC, its appointment, the scheme which was produced to operate the accreditation of building practitioners and so on. With that, my only other comment is that you would aware that you are protected by parliamentary privilege on your contribution to the committee but it is important that you be aware of the jurisdiction of this committee, given the pending court trials relating to the three people charged. Do you have any questions relating to that, David?

Mr DIPROSE - Yes, Mr Chairman. My understanding is that I am addressing the second term of reference of your committee, which is to do with the framework for the establishment of regulation and accreditation of building practitioners under the Building Act. I want to know whether your brief goes as far as the Insurance Act, which in my view is the basis of a lot of the problems we are facing. Do I have to simply limit myself to the Building Act or can I discuss any deficiencies or suggestions for improvement to the Insurance Act?

CHAIR - The latter, in my judgment, would be fine because we have certainly taken evidence from a number of other witnesses about housing indemnity. Insurances relating to the building industry certainly come either with terms of reference 2 or the all-embracing last sentence which says 'other matters pertaining thereto'.

Mr DIPROSE - The second thing I wanted to say is that I am suing the Tasmanian Compliance Corporation, not the individuals, for debts which they are required to pay under the deed between them and the Crown, represented by Peter Hoult, the Secretary of the Department of Justice. Put simply, they are not paying their debts, in my view. A debt is a debt that needs to be paid and a deed with the Justice department makes it even more strong that they should pay it. I want to say no more about that because it is in fact before the Magistrates Court.

CHAIR - Okay. Just for clarification on that matter - and we can ask the department later - are you referring to the deed signed sometime in September, which suggests that the TCC was required to pay \$143 000-odd?

Mr DIPROSE - Correct.

CHAIR - Are you informing the committee that that has not been paid and that that is a matter pending in the courts?

Mr DIPROSE - No, I am saying that the Tasmanian Compliance Corporation and the directors have signed over property that is not theirs to sign over. There is a word for that that isn't used in any of the common language that I am aware of - it's called theft.

CHAIR - So that's a matter that you are pursuing?

Mr DIPROSE - I am pursuing them for some of the debt - that is, they didn't pay for the Christmas cards and I want the money for that. There is a second aspect of that and that is property that I own, and it is not the TCC's to give away. It is simply things like the carpet, a computer and so on. I know it is not the end of the world but, nevertheless, that could be the subject of discussion.

CHAIR - My suggestion is that that is something we will investigate with the departmental officers when they arrive later today. That is an issue that can be looked at as part of my questioning.

Mr DIPROSE - In that case, I am prepared to give you an e-mail relating to the subject. I just want to know whether I could make the point. But you can't give away stuff that isn't yours to give.

Mr Chairman, I want to address some positives for the future. I am sure you are interested in the history and I have given the committee every single document that I have on the subject. It is a pretty heavy-duty history and it includes the original signed letters. Is it appropriate for me to discuss the framework for the future before you start your questioning because it won't take long?

CHAIR - That will be fine. I think it is important to have a contribution from you and that will elicit questions from the rest of the committee as well.

Mr DIPROSE - Thank you, first of all, for inviting me to present evidence under oath. I want to give you a bit of background to my efforts in relation to supporting the building industry and what I consider has worked for the good of the industry above all.

I was welcomed back to Tasmania by John White in March 2002 on the basis that he thought it might not be a bad idea if I came home after 30 years away and I owe a lot to the building industry having worked since 1973 as an economist with the building industry and brought in the Federal building award as chairman of that committee in 1979. So I have quite a bit of background in the industry. Since that time I have been a systems designer and I was able to bring all those skills on my return to Tasmania.

In the course of setting up the Tasmanian Compliance Corporation there were some 2 826 people who applied to become accredited building practitioners and 709 of them missed out. So we are talking about a quarter of the people who applied - they were the

so-called cowboys, or whatever they wanted to call them at the time but frankly they were people who didn't have the \$50 000 necessary to get the insurance.

There were quite a large number accredited, about 2 500, and since I've left the TCC that number has fallen to 2 117, of whom 1 531 are builders. Of those 1 531 builders, 185 are also designers. There are 712 commercial and domestic builders and 642 domestic-only builders plus some people who are demolishers and other categories.

Mr WILKINSON - I don't want to stop your flow, David, but as I understand it you said 2 800 people applied?

Mr DIPROSE - Yes.

Mr WILKINSON - Some 709 missed out?

Mr DIPROSE - Correct.

Mr WILKINSON - And 2 500 were accredited?

Mr DIPROSE - No, 2 117.

So the split is roughly 50:50 commercial and domestic together and the other 50 per cent are simply domestic builders.

There were 94 architects - there are plenty of architects who didn't ask for accreditation as only one person from each practice is required to - 158 designers and draftsmen, 53 service designers who do commercial work with air conditioners, 209 engineers, 72 building surveyors and 63 who left accreditation for reasons unknown. That is the structure of the industry and those are the sorts of numbers.

The second thing that I wanted to say was the builders by and large are not wealthy and I don't believe the committee has had the benefit of the financial structure of the industry up until today so I am happy to present to you a document from the CPD Institute which you will find in my folder that has been handed out. I wonder if I could wait while that folder is distributed?

With your permission I will play a little game here: I would like to ask each of the members of the committee to write down how many builders fit this category. I want you to think for a minute - how many builders do you reckon have six employees and turnover, say, \$2 million worth of work in a year? What percentage of the builders do you reckon would have that few employees? I am not asking for an answer I just want you to write down a percentage on your piece of paper for your own benefit. How many builders do you reckon have six employees and turnover of about \$2 million?

I am now going to answer that question because the book you have in front of you is from the CPD Institute and is the text we provide to subscribers. It indicates the nature of a true blue building company, someone who has been in business for 150 years man and boy, and in the face a decline in the building industry at the moment, which is referred to in the blue document prepared for me by an accounting firm in Hobart, this building company nevertheless continues to trade. They have six employees and I want

to tell you that a company with six employees and a turnover of \$2 million to \$3 million a year represents the top 1 per cent of the top 1 per cent of the industry. There are only about seven companies in the whole industry of that size, and yet we tend to think of the building industry as being that typical company, the D W Williamsons. It is important to know that, from the document I have presented to you, the average income of a builder is \$9 000 a quarter, which is \$36 000 a year, and 55 per cent of builders, as you will see from this document, fall into that category. They earn on average \$25 an hour. That is 55 per cent of the industry.

This is not a building act, it is a handyman's act. You are required to be accredited if you do more than \$5 000 work in three years. One job of \$5 000 in three years - which is replacing a door - and that has to have a building permit. You have to be accredited. So now we are dealing not with a noble company with six employees - and that is tiny by mainland comparisons - we are dealing with the man on his own building the odd dairy out the back of Scottsdale who can't read and write, who has not done professional development, does not go into Launceston, hasn't been into Launceston for 25 years, has been in the industry for 30 years and is aged 55. The average age of the builders is roughly 50 years. Builders have been in the business on average 27 years, and 400 of the 1 500 I mentioned to you earlier are due to retire from the industry in the next five years. So you can now see that if a quarter of these blokes - they are poor as church mice on average - are going to disappear, there is a big pressure not to come along and regulate these blokes.

There is nothing wrong with the building industry, nothing. There is nothing wrong with the builders. There never was. The problem we had was that a fellow from Sydney got his Latin wrong. He went to Cranbrook where the Latin phrase was 'to be and not to seem', and he got it the wrong way round. Therefore he is following what I find quite often in the public service here in this State 'to seem and not to be'. Consequently this gentleman was jailed and HIH went down the gurgler, which left Tasmania with no insurance. In order to answer the insurance we introduced regulation, which is a very good thing - 92 per cent of all builders support regulation and accreditation in this State - but it is not to make them better people or to make them better builders. We lost all the bad builders in the depression in the 1990s in this State when a third of all the builders went broke. The ones that were capable of surviving because of the great god of the marketplace are the ones that we have here today, so there is nothing wrong with these men - and I say men because, sadly, there are not enough women in the industry. There is nothing wrong with them; they do not need to be policed, bossed, jailed, lose their livelihood or be in any way mistreated. What they need is leadership and, Paul, we look to you and your committee to help provide that culture of leadership, in my opinion. We need leadership to help these people train their sons, their nephews, their favourite leading hands, to take their place and come back into the industry with proper qualifications. We do not need them to be driven into desperation by black-leather law.

I just want to say there is a bricklayer who is an accredited builder who sacked 15 people the other day because someone in the TTC's office said he was not in the right category. I don't know why the accreditation of builders is designed to stop someone doing a Telstra call centre at Cambridge and sack 15 people simply because a member of the bureaucracy says 'you are a class 1 commercial builder who can build up to 500 square metres and you are wanting to build a building that is 510 square metres. You can't do it; therefore you must sack 15 of your employees'. That, I am sure, was not the intention of

the act, but the bringing in of black-leather law into the approach to this is something that I can tell you quite seriously a great many people dread.

CHAIR - How did that process play out? How did the TCC become aware that somebody was building something outside their scope of accreditation?

Mr DIPROSE - The builder in question went to the TCC and asked for an increase in his accreditation because he had a contract to do the work and he was told by a member of the staff that he did not have that category and he needs to go back to TAFE to do an advanced diploma in building, a four-year course, and at the end of that four years he would then be able to take his 15 blokes and do a pop-up wall and a concrete slab. I can tell you, there is nothing different between a 500 square metre pop-up slab and a 505 square metre pop-up slab so you can understand why I am talking about a culture of leadership and not a culture of black-leather law. It is wrong. These men do not need that sort of law and they do not need that sort of treatment. There is nothing wrong with the builders. I am sorry, that is a personal opinion but you asked me for my view.

CHAIR - You were focusing the introductory remarks on the insurance, do you want to get into specifics on the insurance issue?

Mr DIPROSE - No. All I want to say is that the insurance is the insurance of last resort and the reason for that is that that makes sure that builders do not build bad buildings and then go back to the insurance company and say that they will cover it but there is something deeply wrong with an accreditation process which depends on insurance. I want to move on therefore to something that I want to announce today to this committee and that is to do something about the future of the industry.

I wish to say to you first publicly, Mr Chairman, and your committee that today I am announcing the formation of a Tasmanian contractors register. The Tasmanian Contractors Register has been approved by the ACCC after a year of very hard work on the part of me and my company which has come to the conclusion that the Australian Compliance Corporation, of which I am the chairman, is an approved certifier and I am competent to certify the services in respect to which I am to issue certified trademarks and those services are the services of qualified contracting.

A qualified contractor, under the rules approved by the Commonwealth, is a contractor who will lead in to become an accredited builder. That man or woman must have an AQF3 trade, none of this halfway house trade, a proper trade; secondly, that person must have had three years of experience; thirdly, they must be working to a written contract and of course they must prove who they are. These people will be invited by invitation only - that is, the builders will be asked to nominate their top 10 tradesmen - and they will be able to volunteer to go onto a register which will give them the qualified contractor trademark, certified trademark, following approved rules, which has been deemed by the Commonwealth not to be to the detriment of the public and that the rules governing the use of the certified trademark are to meet the principles of the Trade Practices Act relating to unfair practice, product safety and product information as set out in Part 5 of the Trade Practices Act. So, in other words, they get this trademark so as not to enter into unconscionable conduct or to behave in a bad way or to restrict trade.

An important part of this process which I am setting up and announcing to you today is that it is not a restriction of trade, therefore it does not involve the insurance companies at all. These blokes can decide whether they take their own insurance or not and they can also decide whether they want to be certified or not and I believe that a lighter touch which will encourage people to come into the industry, give them recognition without having to save up \$50 000 worth of clear assets before they can even start, gives them a lead in so I hope that by the time we get 5 000 contractors into this scheme they can then decide, after having been in business for a further period of time because most builders enter the industry at the age of 27 after 10 years out of their apprenticeship, that by that time they will have saved up enough assets to be able to cover themselves for the warranty. That is what I wanted to tell you about and my reaction to all of this drama in the last two years. That is all I want to say about that, Sir.

Mrs SMITH - Mr Chairman, I want to clarify, more for public benefit than anything else, that you are setting up a business yourself, but that in no way will circumvent the law as it stands at the moment and the builders of Tasmania are required to have accreditation. Are you saying that you think we should throw the Building Act away and just live under a different system? Is that the drift I am getting from you?

Mr DIPROSE - That is a very serious question.

Mrs SMITH - It is, and I want a serious answer.

Mr DIPROSE - You will get it. I will stop the polemic. The process I am setting up leads into accreditation so that people have 10 years in which to get themselves into a position to become accredited under the Building Act. The Building Act is not a bad act but the difficulty with the Building Act is the way it has suddenly gone from being something that has a wonderful idea of development of the building industry to losing its whole approach to co-regulation and development and has now become just a regulatory process. In the course of becoming a regulatory process it has become an onerous process because it is driven by the insurance industry and not by the regulation. I am saying that at the end of 10 years, at the age of 27 on average, people should be prepared to become responsible builders under the Building Act and take the responsibility that the act requires them to take. The word 'responsible' building practitioner is extremely important in the act. That one word on which hangs the whole structure of the regulation is terribly important and it has the support of the industry.

I have prepared for the committee today a survey of all of the builders that are on my database and I have a response, which I have given to you, which indicates that 95 per cent of builders support the idea of the Building Act and its accreditation. So I am not putting up anything. What I am saying in terms of changing the Building Act is that it should, I think, re-examine its focus. I think it should be re-examining why we should add \$5 000 to the cost of a house because we have a building act that is trying to ensure that people have insurance? There are some things that significantly need to be addressed in relation to the Building Act.

I think it is important, what your committee is doing now is what I call a post-implementation review of the Building Act. I think we need to review what the principles were in drafting the law. So we ought to be going back and looking at principle-based drafting. I think we need to look at what recommendations need to be

made to make it more effective. So I am not destroying it at all, I am simply adding to it here. What are the priorities we should have regarding compliance costs? Should we really be having two levies? Should we really be looking at paying \$2 000 to insure a house for something like 20 per cent of the value of the contract, of which they only get 10 per cent anyway? If you are running a business, you would say either it is a licence to print money for the insurance companies, which made, I think, \$92 million profit last year out of this industry, or you would say it is laughable and you would throw it out.

To answer your question, no, I take the Building Act very seriously and my role as chairman of the Australian Compliance Corporation is to support the development side of the Building Act which has been ignored.

Mrs SMITH - If I might play the devil's advocate to you - and you made the statement that the builders out there supported the Building Act.

Mr DIPROSE - They do.

Mrs SMITH - I think it would be a fair statement to say that their question at the moment is whether they received value for money with their accreditation process. The devil's advocate in me would say that you are using this as an opportunity just to nominate another layer that these builders, who earn very little money on your evidence, should become involved with to further their qualifications towards accreditation. To me, it appears that you are not putting a proposal that I am understanding that gives us a better system for builders on accreditation but you appear to be giving another layer of qualification leading towards it. So it appears to me that this is just putting something else in between accreditation and where they start. Would you like to give me some comfort that that is not what I am seeing?

Mr DIPROSE - That is absolutely true. The Tasmanian Contractors Register is a not-for-profit company made up of people who are in the building industry plus a couple of administrative people, Tony Stevens and myself, on that board. The Tasmanian Contractors Register has a joint industry council with representatives of contractors. The difference is it is a two-tier process. The registration of responsible builders is under the Building Act. The preparation for the lead-in from contractors, such as bricklayers, carpenters, joiners, concreters, young blokes who want to enter the industry, is a method of simply recognising through a certified trademark what they already have and that is a trade but it adds onto that a further layer, if you like, of they have to have three years' experience and they have to work to a contract, so they are not employees.

By putting that in place what it does is say, 'Right, you're a man coming out of your trade, your next step is to become a contractor and once you have been a contractor for a reasonable period of time' - let us say 10 years - 'you can then go on to become an accredited building practitioner, a designer or a builder. Yes, there is another layer but it is not onerous and it in fact gives recognition and this time instead of being a company for profit, it is a not-for-profit organisation and instead of being an organisation that does not have an industry council, it is an organisation that does have an industry council and I can tell you, Mam, the bricklayers are busting to be recognised in this way because they reckon they have a bad deal. In England, masons and bricklayers are the people who run buildings and in Australia it is carpenters.

The other people who are desperately in need of some form of recognition are glaziers because the new rules about global warming and energy efficiency affect glaziers more than anyone else so they want to have a number that says they are a qualified contractor that they can show to a council to say that they have met the requirements of the new standards for glazing, so -

CHAIR - Can I just interrupt there; Sue, are you clear or is there anything further because we are labouring the point, in my judgment, about this new system going forward?

Mr DIPROSE - It is not a government system, it is a system set up by a not-for-profit organisation of building contractors. That is all I want to say.

CHAIR - Sue, I did not mean to -

Mrs SMITH - No, that is all right. I am just trying to put this in the system.

Mr DIPROSE - It is a few steps and sure it is, but in other States it is there already. In New South Wales, for example, you cannot do anything if you are not -

CHAIR - Bear in mind we only have 25 minutes left but we can call you back.

Mr DIPROSE - No, I have said all I want to say about it.

Ms FORREST - Can I just ask one very quick question on that, Paul. Would the proposal that you suggest here incur a cost? You say it is a not-for-profit organisation but would it impose a cost on people who are involved in this register?

Mr DIPROSE - Yes.

Ms FORREST - Have you determined the cost?

Mr DIPROSE - Yes, I have and it has been approved by the Commonwealth. It is \$220 to get assessed for all of the things that require assessment and it is \$170 a year for the administrative costs.

Mr DEAN - The TCC was set up as a not-for-profit public company.

Mr DIPROSE - No, it was a for-profit private company. It was not my idea, Mr Dean. I wrote a letter originally suggesting that it be not-for-profit as per the system I am now trying to implement but it did not happen.

CHAIR - On that issue then, just go back to day one. How did the TCC become aware that there was an opportunity to offer themselves as an authorised body?

Mr DIPROSE - John White, Julie Duncan and I got together in March 2002, after I ran the John Gould art exhibition. John came to me and said, 'My wife's complaining that I'm not making enough money. Can you help me make some money?' I said, 'I've been running a public company in Sydney for five years and I had a bookshop that went broke in 1986' - and that is no secret. You need to know that because that is being used against

me publicly. But not everyone has a manager who's husband was a heroin addict - it is easy to lose money in a small business when that happens.

Mr WILKINSON - A lot of people go broke.

Mr DIPROSE - I am just saying that it is being used against me. I just want to say that after 30 years in business it is not surprising that on one occasion you come a gutser. It was my fault; I should have had an accountant there every month but I decided to do the books every three months.

John came to me and said, 'Can you help me make more money? I am not making enough money'. I said, 'Sure, John. I will go away and think about it'. I came back and said, 'Listen, mate, you're the hot shot in lobbying. You know everyone; I know administration and I have spent a long time writing computer systems. Why don't we do outsourcing?' So we set up a business called White Services, which was John, Julie and me. Julie was a Walkley Award-winning journalist and John was a friend of mine for 40 years. We had flatted together in Canberra; we knew each other in the Old Nick Company et cetera. I had no reason to understand that he had become what he had; I was not aware of it. So we pitched for the Nurses Federation and we didn't get that; we pitched for Ten Days on the Island and didn't get that. Then some bloke from Rengain Pty Ltd rang John and said, 'I am from this great big outsourcing company in Queensland and I believe there is something going on on the Internet and you ought to have a look at it. Maybe you should have a look at that as your next project'. John called me around to his garage - which is his legal practice where he hardly spends any time, in breach of the rules of the Law Society - and said, 'What about this building industry?' I sure, 'Sure, mate'. He said, 'Do you know anything about it?' I said, 'Yes, I wrote the building award. Do you know who is the minister?' He said, 'No, no idea'. I said, 'Do you know who the public servant in charge of it is?' 'No, no idea'. So I said, 'Okay, I will set up something, because you haven't got the faintest, John, and I will find out what is going on'. You won't believe this, but I am walking from the markets on the way to John's house and I walked passed this sign that says 'Tasmanian Building and Construction Industry Training Board'. So I said, 'That's where I'll start'. So out of pure serendipity I walked up the stairs and there it is. They were falling over me. 'Can you help us, David?' I said, 'Yes'. They said, 'We've got a pile of documents this high. We've just been told we have been opposed by members of the industry as being an authorised body. We have been cut down by the politics of the industry. They don't want us around'.

CHAIR - That's the ITB?

Mr DIPROSE - Yes.

CHAIR - When was that?

Mr DIPROSE - Probably 5 July 2002, because Milliner mentioned this to John on the 2nd.

CHAIR - Just so I get the chronology right, are you suggesting that the Government had gone to the ITB -

Mr DIPROSE - No. This had been going on for 12 years unknown to me. There had been men and women putting their lives into the process of creating the Building Act, since the stuff up of the Insurance Act 1993. People of goodwill had been putting their minds to this for 10 years.

CHAIR - Not the accreditation process?

Mr DIPROSE - Yes, the accreditation process. That is why I am so saddened, that all this work that we have done is just destroyed. Forget my little company; 10 years of hard work by people of goodwill has been destroyed here - and it has to be fixed.

I walked into the training board, they gave me a pile of documents and said, 'We want someone who represents the ordinary builder, the \$20 000-a-year builder, because they're not members of the association and they are being screwed'. I said, 'Fine, tell me more about it'. At that point I got involved and then I thought I can't be bothered. Then, sometime around December, I got a frantic call down at the golf club at Seven Mile Beach to say 'David, don't give up. Please don't give up, we beg you. We need an independent voice, because the way it is going at the moment is all over the place. It is going to be run by the engineers and the architects and the big building companies and the little man is going to be screwed.' So I said, 'Okay, I'll put it together'. So I went round to John, and roughly around August 2002 we put in a proposal, which you have a copy of, a letter to Robert Pearce, and that is how it all started. Unfortunately, for reasons that I do not agree with and do not understand, I was told that Julie could not consider it and John wanted to bring in a bloke from Rengain. I said 'I don't really care, if you feel that Julie can't go on.' To my astonishment, a year later I find that Julie walks into the office thinking she is still part of the company.

CHAIR - So your submission to the Government did not come as a result of the expressions of interest being called. It was more by chance, with Rengain contacting John and then your chance meeting with the ITB.

Mr DIPROSE - Life is like that, Paul. You find you are having a beer down at the fishing club and someone says to you, 'Do you want to stand for Parliament?' I am sorry to be rude, but you know what I mean. It does not quite happen if you sit there and calculate the whole thing. There were some real, genuine people of goodwill who wanted stuff done. They thought that John and I, working together as friends, could do something.

CHAIR - I accept that, but my question really goes to the point of whether you responded to the Government advertising, calling for expressions of interest, or whether it was just chance.

Mr DIPROSE - It was pure chance.

CHAIR - Okay. So you weren't aware of the expressions of interest being called?

Mr DIPROSE - Not at all, no. I was given the name of Paul Sayer at the Department of Infrastructure, Energy and Resources, who, I was told by the training board, were the people running it. I have the letter from him here dated 26 July 2002, which you have a copy of:

'Please find enclosed information regarding the accreditation of building practitioners. I have enclosed a copy of the accreditation scheme guidelines as a background, along with two letters sent to industry organisations earlier in July.'

So we are not that late in the process. Then there is a copy of the Building Act and all the bits and pieces. Then on 6 August, approximately two weeks later, I sent my first letter stating the way we think we are going to run it. That includes the names of 15 organisations to make up the joint industry council. This was 6 August 2002. The rest of it is just the process of getting it done. All this is years and years of fiddling and fooling around. God knows how many times the Government's officers delayed the introduction of the Building Act. I can't believe it. We were ready to roll with this, worse case, in November 2002.

CHAIR - You were ready to roll with the accreditation?

Mr DIPROSE - Here is the letter. We knew what we were going to do. We hadn't written all the great big stuff -

CHAIR - Ministerial guidelines were in place there, were they?

Mr DIPROSE - Absolutely. In June 2002 Lennon signed off on the guidelines, so it is all happening. It is ready to roll.

CHAIR - Did you have the scheme written at that date?

Mr DIPROSE - I wrote the scheme in an overview by 6 August 2002, and it runs to two pages. Then I was told it has to be a little bit better than that, so it took me until 3 March 2003, six months, to write the full scheme that you have a copy of. Then the June scheme, which took another three months to revise in the face of the requirements of the bureaucrats, was the final one that was put in, and a lot of things were taken up.

CHAIR - So are you the sole author of this scheme which TCC put forward?

Mr DIPROSE - Yes, though the guidelines helped; Lennon helped.

Mrs SMITH - Did your communications to Mr Sayer et cetera always include four names - John Charles White, David Diprose, Glen Milliner and Julie Duncan - in your expression of interest, so you were acting on behalf of a corporation?

Mr DIPROSE - No; the organisation legally was a sole tradership, which was me. In the Tasmanian Builders Compliance Corporation - notice we have lost the word 'builders' - up until, I think it was January 2003, Mr Milliner was simply an adviser and you will find that in all the letters.

Mrs SMITH - On 6 August 2002, the Tasmanian Building Compliance Corporation presented an expression of interest with four names to Mr Robert Pearce?

Mr DIPROSE - That is correct.

Mrs SMITH - Would it be fair, if I was receiving that letter, to presume that the Tasmanian Building Compliance Corporation is four people, regardless of who wrote the letter, drafted the scheme or whatever, that it is a corporation that is putting in an expression of interest?

Mr DIPROSE - Mr Milliner's name appears there as an adviser.

Mrs SMITH - Yes, okay.

Mr DIPROSE - It was three people and Glen was an adviser. Somewhere along the line, Julie gets bumped and Glen takes the position. Then, to my absolute astonishment - and I mean this - on 20 March 2003 Mr Milliner's name no longer appears as a member of the company. It is replaced by a company I had never heard of, called Knowledge Consulting, which turns out on 21 March 2003, the day of incorporation, to be a detention centre management company. I think if John White had said to me that the person who is joining us is the head of a detention management company and was previously the business development manager of an organisation which is going into liquidation, owing \$8 million to the Commonwealth, I might have had second thoughts about taking him from being an adviser to being a member of the firm with a free ride and one third of one million dollars a year profit. I am sorry to say it so angrily, but I cannot believe that this was slipped under my guard and unfortunately it was my fault. It happened on the very day that the accreditation of the firm occurred.

Mr WILKINSON - Surely, though, with this person who was coming into what was obviously a partnership or part of the company with you, you would have said, 'What does he do, what is he like, what is his expertise?'

Mr DIPROSE - You are right, Jim.

Mr WILKINSON - You did not do that?

Mr DIPROSE - John White was a friend of mine for 40 years, Jim. I had no idea what Mr Milliner's background was. John tells me he was extraordinarily capable; he was a highly successful minister in the Queensland Government and he founded the Corporate and Consumer Affairs department in Queensland. I said, 'If he is that good and you say he is okay, then he must be okay.' I did not realise he was running a detention centre company. I did not ask the question, and I suppose it is fair to say that they did not say to me, 'David, did your bookshop go broke?' I did not ask if his company was going down, owing \$8 million to the Commonwealth. Perhaps I should have.

Mr WILKINSON - Obviously you do not know that, but did you do due diligence in finding out what your partners were like?

Mr DIPROSE - Jim, the answer to that is no, to my eternal sorrow.

Mr DEAN - Being a not-for-profit public company was in government documentation, from my memory. This was the position with the TCC, in your guidelines?

Mrs SMITH - The 'not for profit' wording came out of a letter from the minister at the time, calling it a not-for-profit organisation. I think Mr Diprose is clarifying that it was never a not-for-profit company.

Mr DEAN - That was my question. In your view, that statement was inaccurate?

Mr DIPROSE - No, I thought it was going to be a not-for-profit company.

Mr DEAN - You thought it was?

Mr DIPROSE - I did.

Mr DEAN - Why did you think that and what gave you the reason? What was in the documentation or discussions that led you to believe that?

Mr DIPROSE - I think I wrote a letter to Robert Pearce suggesting that the company should be a not-for-profit company. I don't know whether I wrote it, but in a meeting around July we talked about it being not for profit. At a certain point in discussion about being not for profit, decisions were made to change that view for it to become just a simple, ordinary company. There is nothing wrong with a company being for profit, by the way.

Mr DEAN - No, not at all.

Are you aware of any discussion or any communication between yourself and the Government in relation to that statement - in other words, the Government believing that it was a not-for-profit type of company?

Mr DIPROSE - I didn't realise the Government believed that it was a not-for-profit company. I have not seen any documentation about that at all. There was general discussion I felt it would be logical for the company not to issue dividends because that is the only difference between a for-profit company and a not-for-profit company. The company in fact has operated as a not-for-profit company in all of its time. It has never issued dividends so it has been a not-for-profit company in actual fact. The only difference is that a not-for-profit company is a public company so all of the audited accounts are made public and that is what I had in mind when I thought about it because the company I had been running in Sydney, a PC user group, was a public company limited by guarantee and had its accounts audited so I just adopted that structure and at some stage Glen and I discussed it and Glen said, 'No, I think it should be just an ordinary company'. So when we put everything in we didn't mention not for profit at any stage, I think.

Mr DEAN - If it was, as you believed it should be, a not-for-profit private company, did you believe that the accreditation fees were far too high?

Mr DIPROSE - No, the accreditation fees were too little. I want to say something about the fees.

Mr DEAN - It has been raised.

Mr DIPROSE - Yes, I understand.

The fees were not too high. It was quite probable that the fees should have been \$500 a year - that is, \$1 500 for a three-year period and not \$1 350. I will just cover the distinction between not for profit and for profit.

In the end, and before we put in any formal proposal to government, it was agreed, on the advice of our adviser Milliner, that it would be better if it was just an ordinary company and that we behaved as any ordinary company would and that it shouldn't attempt to make itself out to be some sort of charity or not-for-profit company, we felt that was wrong, and therefore it would be just like an ordinary company that bid for building a bridge across the Derwent. There was a tender process, there were three people who went in for it, one person won it and that was a company which was set up for the purpose of doing it. So we can't have two people building the bridge at Bowen, we can only have one engineer, so we can only have one engineer running the driver's licence for the building industry and only one set of rules for the road too, I might add. So that is how it ended up being just an ordinary company, not a not-for-profit company, and that was well and truly prior to the fact that we put something in to the Government. So it was before my letter in August 2002. I would say the decision to stay with an ordinary company structure was probably made in late July 2002, even before we got vaguely near the Government. But that's all right, I am sorry if the Government formed that view, and I would very pleased to be corrected about the date of any correspondence for the Government to suggest it was not completed.

Ms FORREST - You say that the full scheme was signed off in March 2003?

Mr DIPROSE - Yes.

Ms FORREST - From the Department of Infrastructure, Energy and Resources, information regarding the Building Act 2000, implementation update December 2003, states:

'The public administration company, the Tasmanian Compliance Corporation Pty Ltd, was authorised by the Minister for Infrastructure, the Honourable Jim Cox, to accredit building practitioners in December'.

So it is stated in December 2003, after you are saying -

Mr DIPROSE - It doesn't say anything about it being not for profit because it's public administration. It still exists, by the way, even if it doesn't have any assets left - except my carpet and my computer which isn't theirs to give!

Ms FORREST - In other areas it was referred to as a not-for-profit public administration company.

Mr DIPROSE - It didn't say not for profit.

Ms FORREST - It didn't in that one but -

Mr DIPROSE - It doesn't say not for profit - absolutely not. It says a public administration company.

CHAIR - What Ms Forrest is saying to you is that there is documentation around that the committee does have -

Mr DIPROSE - I would be most interested to see it, Mr Chairman. I would like to say that it wasn't our intention to mislead, and I don't believe we misled. If that is the case, I would like to come back and present some evidence regarding that because I was right in the thick of it and I know what is going on.

Ms THORP - Through you, Mr Chairman - if people are doing work for a company, they have a contract to provide certain services, they levy a fee to provide those services, it is reasonable to assume that from those moneys received expenses will be paid, salaries of staff?

Mr DIPROSE - Mr White, I think, has managed in one way or another to put \$330 000 into his private superannuation fund, so I would say there is no limit on how much someone can be paid in the methods that you described.

Ms THORP - That is what I am saying.

Mr DIPROSE - I am suggesting that perhaps they should have been and not whether they are now, but that will be the subject of legal action. I am damned sure I am going to the Supreme Court about that issue.

Ms THORP - The point I am trying to make is that with this vagueness about for profit and not for profit in people's definitions, any organisation is going to incur costs that need to be paid, and that includes salaries.

Mr DIPROSE - A not-for-profit company has no difference in terms of costs, salaries, consultation fees, professional fees - which I budgeted as \$60 000 a year. The \$600 000 a year that I set aside for dealing with complaints and so forth is all part of a company, it does not matter whether it is not for profit or for profit. The sole distinction is that a not-for-profit company is a public company, therefore its auditors are made public, and secondly it does not pay dividends, whereas a private company at the end of three years, for example, might pay a dividend and say, 'We've worked for this. We have finally settled down. Everyone gets \$30 000'. But the 'everyone' is the shareholders. There are no shareholders in a not-for-profit company.

CHAIR - In terms of helping to clarify that, David, are these two documents out of your folder the cash flow and profit-and-loss assessments which you made in your submission which you put to the Government?

Mr DIPROSE - That is correct.

CHAIR - Can I conclude from those then that your estimate was that the revenue for the company was going to be somewhere between \$300 000 and \$400 000 per year?

Mr DIPROSE - Correct.

CHAIR - At the end of that you have projected a net position, there were no dividends to shareholders et cetera. That revenue of, let us say, \$400 000 maximum per year -

\$380 000 was your estimate - was based on a much smaller number of applicants than eventually arose, is that a fair assessment?

Mr DIPROSE - That is right.

CHAIR - So flowing from that, can I conclude that the cash flows into the TCC were much more extensive than these projections because there were more applicants?

Mr DIPROSE - Yes.

CHAIR - And then the directors were able to take what the directors determined?

Mr DIPROSE - No, the second part you can't come to. The position is this: I think I estimated a break-even on that document of, say, 600 practitioners. We got 2 200 practitioners, which was four times as many as we thought. We thought it was going to cost \$1 350 a year to run this and end up with a profit of about \$30 000 - a tiny amount of money. But that was the break-even position that we put to the Government in those documents. We were told by others that there were 1 000 builders in Tasmania. Nobody knew. That is why I said to you today about the numbers that are in the industry, because I think today is the first time anyone has ever said publicly how many people are really in the industry and what their categories are. It has never been stated; there are no statistics on it; there is nothing from the ABS. The whole thing is unknown. The Workplace Standards people did not know, the insurance people did not know, and I can tell you for sure that the people administering the Insurance Act did not know. A lot of people did not know. We guessed, best guess from the Training Board that was supposed to know, that it was 1 000, so it was double the best guess of any government department we could get hold of. There is no doubt that the income was four times that which I personally predicted but I also added into that, once we got the numbers that we needed 10 employees and not one and a secretary. You will notice that there is one and a secretary. So we needed 10 more people. The next thing is that we needed to put aside \$600 000 to deal with complaints on the basis that after I wrote that I found out from the Australian Institute of Building Surveyors that it costs \$600 per complaint simply to administer it. If we get 300 complaints a year, that is \$600 000 over three years and that is enough to send the organisation bankrupt because, after all, it is a company - sorry to be cheeky, but if you get what I mean we can just as easily lose as win - and the reason the Master Builders would not take this on is that the risks of that \$600 000 were so great and so unknown. As anyone can do, they could make a list of builders and say, 'Tick, tick, tick, you're builders' but not everyone can then set up a parallel development system that improves the industry, takes care of all the complaints that are coming in, that analyses them statistically and then having the statistical analysis puts in process a training program to meet those deficiencies, and that is what the \$1 350 is. I take you to page 12, I think it is, of my presentation to the Government back on 31 March when I say the \$1 350 is tied to a scheme which is to improve the industry. The cost is in relation to statistical analysis of fault and a fault correction process. That is why the money, in my judgment, is not too little and I think you will find that the Government will be coming back with a taxpayer-funded complaints process so they will take care of the \$600 000 by putting it back into Consumer Affairs, there will be a lot of people with a lot of salaries dealing with that, probably \$2 million or \$3 million a year in costs taken up by that, and they will just say, 'Okay, we're going to do cost recovery on the builders on simple regulation which is of course part of what we build'.

The other thing is, Paul, we had to guess that \$1 350 for three years in advance because we were not allowed to rewrite the number until May 2007 when it was to be reviewed. If I was still executive director I would now say, 'Okay, fellas, we're doing fine. We have to shift some of the risk of this complaints management and we also have to put in some inspectors on full-time salaries, possibly ex-policemen'. I have had detectives come to me and say, 'I'd like to be your inspector'. I had a bloke who has been responsible for the first arrest under the Insurance Act, a very capable detective -

Mr DEAN - There's plenty of them around.

Mr DIPROSE - Right, okay, so he says. The thing is I do not believe, and I have to say it quite strongly, that if the TCC had put in place the defect cause and remedy process that was implicit in that dollar figure - and it is on the same page as the money, in chapter 5 of the scheme which has been adopted by Minister Cox - that process of correcting the mistakes of builders and training them is in the money, so there is nothing wrong with the \$1 350.

CHAIR - That is a proposition I was going to put to you. I am looking at these figures that you have produced and the total revenue of \$300 000-odd. The total revenue to the TCC ended up much more like \$1.3 million so there was about \$1 million, let us just suggest -

Mr DIPROSE - \$1.16 million this year.

CHAIR - Okay, so there was around about \$1 million more than your projections. The \$600 000-odd which you are suggesting was needed for complaints resolution and investigations would be adequately covered, am I right?

Mr DIPROSE - Yes.

CHAIR - So there is still -

Mr DIPROSE - What - in the original projection?

CHAIR - No, as things have turned out. There was ample money there for investigations.

Mr DIPROSE - In the dollars you have in front of you there is ample money for a bloke and an offsider to go around and do inspections of 500 builders.

CHAIR - Audits?

Mr DIPROSE - Yes, there is enough money there at \$1 350 for three years to go around and audit 50 builders in three years. That is a piece of cake.

CHAIR - Okay.

Mr DIPROSE - It is not a piece of cake when you treble the numbers or quadruple the numbers.

CHAIR - What about investigation of complaints? You said that your estimate was that you would need about \$600 000 to investigate complaints?

Mr DIPROSE - We found that out after we wrote that budget.

CHAIR - Was that allocated by the TCC at any stage, during your involvement, to a specific fund to investigate complaints?

Mr DIPROSE - I think not, unfortunately. I would say no. I had a blazing row with Mr Milliner over this because he said, 'A budget is just a budget, it does not matter'. As managing director, I said, 'I cannot run a company without a budget because that does not give me any authority to spend a cent. I cannot even hire a member of staff if we do not have a budget to work to'. He said, 'No, no. Work without a budget, just do what you can'. I said, 'No, hang on a minute, we have just had this thing with the building surveyors going into bankruptcy in Adelaide over running their complaints process. They did not budget enough for that. We have to put up \$600 000 for this'. Just after I handed over the executive director's position, a staff position to Peter Rayner, \$450 000 was put into a second account. So there was \$450 000 put into a Commonwealth reserve fund to deal with this issue. I was not involved in budgeting it, but it happened in reality.

The problem is, I go back and look at the books and \$230 000 has been taken out of that account and I have no idea why. I am not privy to the KPMG report, so I still do not know where that \$230 000 went. All I was told was, 'We will put the money where you will never find it, David. So you can complain and carry on as much as you like about wanting your contribution to be paid for, but we will put the money where you will never find it.'

The second thing that was said was, 'From today on, your job is to make money for Glen and me.' This is all about control and I had to say to John, 'Why are you behaving like this? This is not how we set this up when we were the best of friends in March 2004.' So there are some big issues about that \$600 000.

CHAIR - I am looking at your figures produced here, as your best estimate. What process did you use to determine the likely number of applicants for accreditation?

Mr DIPROSE - We looked into the yellow pages. We looked into the figures of the training board and we looked at the numbers of practitioners in the Australian Bureau of Statistics. Out of that, we came to the conclusion that there would be between 500 and 1 000 responsible builders. I must say that I failed to take into account the remarkable number of architects, engineers and designers. There are 94 architects, 158 designers, 53 service designers, 200 engineers and 72 building surveyors. So that must add up to something like the best part of 500 professionals. So we did not do a very good analysis and I guess we were focusing very much on the fact that it was the Building Act, so we had to worry about the builders.

CHAIR - So these figures were based on how many builders, maximum, to be accredited to produce \$303 750 in a year?

Mr DIPROSE - About 580 to 600.

CHAIR - You just said your investigations led you to believe it would be 1 000.

Mr DIPROSE - No, I am saying now, with the benefit of hindsight -

CHAIR - No, you said, originally you had looked at the yellow pages and you reckoned about 1 000.

Mr DIPROSE - We reckoned about 1 000 practitioners. I think Andrea and I had about 1 100 all up.

CHAIR - You and who?

Mr DIPROSE - Andrea Pentecost and I. She was the one who put all her efforts into helping create this. When I was writing the scheme - and don't forget I wrote it on my own - as sole trader, Andrea was helping me. She put a lot of her money into the system and has yet to be repaid. She was promised \$50 000 by Mr Milliner but Mr Milliner did not pay it. But that was not wages, that was simply expenses that she had met. I am only mentioning this because I am a bit annoyed about it. It is not really pertinent to what I am saying, sorry.

What we thought, Mr Chairman, was that if there were 1 100 practitioners, then only about 600 of them would want to become responsible builders. We thought the rest were carpenters and bricklayers. We did not realise that the act meant, when it said, \$5 000 worth of work in three years of any one job, just how broad that would make the brush. We thought we were talking about the David Williamses of this world, the real builders. And we also had numbers roughly on the members of the HIA and MBA, and that was about 400 or 500, so we thought they were the industry, and we made a mistake in that.

Ms THORP - I would like to put something to you, and I would like you to either agree or disagree with me. You are currently in a legal dispute with Mr White, or the company?

Mr DIPROSE - Who?

Ms THORP - You are.

Mr DIPROSE - I am not in a dispute with Mr White.

Ms THORP - With TCC?

Mr DIPROSE - Yes.

Ms THORP - In which you are an aggrieved party.

Mr DIPROSE - True.

Ms THORP - Are you sure that your position today and some of the information you are putting to us is not to advantage your position in getting legal redress?

Mr DIPROSE - Oh, goodness me, what a question! Absolutely it is to advantage me. I don't want to be putting John's or the company's viewpoint in this if they have done

something wrong. Absolutely not. I believe I have worked very hard to produce something for the industry, and I am not going to say anything to this committee which I think is against my own interests at all, not in the least. Sorry, but what do you expect me to say? I am annoyed, as I mentioned there, that someone who assisted me did not get expenses paid. I am sorry if I brought that up. You should ask for me to strike that out of the record and I am happy to do it. It was a thing that I was saying because I am still annoyed about it. Yes, of course I should not be mentioning the repayment of expenses. I will leave that out of any further discussion. Thank you for your warning.

Mrs SMITH - If I might go back to the numbers, I have two questions. Firstly, when you did your budget and your numbers, did you have a presumption that there might be others given authority by the minister to accredit? It appears you do not have the architects, the engineers et cetera, and we have been given evidence that they were working up a process to get an accreditation as well. So was your budget on the basis of 'there may be more than one of us', or on the basis of 'we think we are the only one'?

Mr DIPROSE - We entered into this as an internal decision that we would not take this on, with all the risks involved, without it being for at least five years. Right? There is no point in going into this - you asked about due diligence, Jim - without at least a five-year time scale. I didn't think we would get many architects and engineers, but I thought if we were first to market then some of them would sign up with us, and since they signed up for three years they couldn't join the other mob anyway. I must admit Minister Cox would not give us any sort of undertakings, which is what I wanted, that we could have the rules of the road to ourselves and one driver's licence.

Mrs SMITH - Thank you.

Mr DIPROSE - But I have to say in fairness I am not sure that the low figure we came up with, which in round figures was a break-even figure of 600 builders for that budget, involved the engineers and architects. I thought we were going to get the engineers and architects and we were going to be first to market to get them.

Mr WILKINSON - So you first came on board in 2002?

Mr DIPROSE - July 2002.

Mr WILKINSON - So you first came on board in July 2002. You then believed that you were in partnership, for want of another word, with Julie Duncan and John White.

Mr DIPROSE - Yes.

Mr WILKINSON - Then when did you realise that Glen Milliner was becoming involved, if I can just get the chronology, please?

Mr DIPROSE - Glen was involved from July, but he was involved as -

Mr WILKINSON - So he was an adviser in July?

Mr DIPROSE - That is correct.

Mr WILKINSON - And he was an adviser until when?

Mr DIPROSE - He was an adviser until, I think, January 2003, which is the last time his name appears as an adviser. Then I was told by John that Julie was sick and could not continue and would I replace her with Glen.

Mr WILKINSON - And of course Julie was, unfortunately.

Mr DIPROSE - She was, but she was not so sick that she could not have continued, I can tell you. As I told you, she walked into my office in March 2004 hale and hearty. She died in 2005.

Mr WILKINSON - I know that. So in relation to Glen becoming a partner in the group, when was that? Was it around about January 2003?

Mr DIPROSE - I'd say so.

Mr WILKINSON - As I understand what you have been telling us, that was as a result of your getting information from John that Glen was going to be a partner?

Mr DIPROSE - Correct.

Mr WILKINSON - You say you accepted the information that you got without doing the due diligence that we've spoken about and then you continued on with the application to the Government. That was approved when?

Mr DIPROSE - On 31 August 2003.

Mr WILKINSON - August 2003. Did you get any assistance at all from the Queensland system which I think it has been going for 15 years and has been classed as a good system?

Mr DIPROSE - We received assistance from the BSA in relation to engineers who said that \$7 million worth of faults caused by engineers had never been prosecuted. They said the reason we should be running the engineers' part of it and not Engineers Australia was that they never prosecuted their own.

Mr WILKINSON - So you did not get the application that BSA may have brought up in the first place to the company to be accredited?

Mr DIPROSE - No, but we did get information from them, as I said, about engineers and we also received an enormous amount from the New South Wales people and the Canberra report which I was privy to very early on. One of the reason why I was involved was that I had knowledge of that in New South Wales. We also received a lot support from the Victorians. After all some people take the view that we are a suburb of Melbourne.

Mr WILKINSON - So that was 21 August 2003, you said, when you came across -

Mr DIPROSE - That is when Mr Cox signed the contract. All the work was done between August 2002 and August 2003. So all these assistances that we received from a very vast number of people was then -

Mr WILKINSON - Came in that one-year period, approximately? Then you remained until when?

Mr DIPROSE - September 2004.

Mr WILKINSON - Your job throughout that one-year period, from August 2003 to September 2004 was as the secretary of the company?

Mr DIPROSE - I was the managing director. I had a deployed position as registrar from September 2003 through to July 2004 when I was wrongfully and unlawfully dismissed -

Mr WILKINSON - That was July 2004?

Mr DIPROSE - Yes. That arose out of the decision that John and Glen wanted complete control of the firm.

Mr WILKINSON - I suppose, in a lot of these organisations there is a major driver, one person who may know the industry better than the others and who is the major driver in setting up the application, or the business. As I understand it, you are saying, 'That was me'.

Mr DIPROSE - It was my money!

Mr WILKINSON - But you were the one who drew up the application, as I understand it, and you are saying that, therefore, all the relevant work that was done - if I can put it that way - was done by you?

Mr DIPROSE - Correct. But I have to add something there. I mentioned earlier that there were people who had done 12 years of hard work prior to this and I had phenomenal help from all kinds of people. Workplace Standards were brilliant. The Training Board was fantastic. Master Builders Association was good. The Institute of Building Surveyors was exemplary. I can't tell you how good they were because they are the policemen of the industry.

Mr WILKINSON - Did you have any complaints at all about the way that it was going whilst you were involved up to July 2004?

Mr DIPROSE - Hundreds of complaints. Every builder that did not get accredited, all 709 of them for a start.

Mr WILKINSON - And what about builders who were accredited?

Mr DIPROSE - They were delighted. Falling over themselves with delight. 'We made it'.

Mr WILKINSON - What about the consumers? Did you get any complaints at all from consumers during that time?

Mr DIPROSE - No.

Mr WILKINSON - None whatsoever? None from the north-west coast?

Mr DIPROSE - No.

Mr WILKINSON - Not at all up until July 2004?

Mr DIPROSE - As far as I recall, not from consumers.

Mr WILKINSON - In other words, people who believed that a builder had done a poor job on their premises -

Mr DIPROSE - The Building Act came into force on 1 July 2004 and I ceased to be, in terms of the operation -

CHAIR - The accreditation process?

Mr DIPROSE - Yes, on 15 July - two weeks later. I remained in charge of the governance issues until 16 September, when I parted ways with the board over policy differences. I must say that no company ever got into trouble for sacking their managing director too early. What they get into trouble for is not replacing him. So that is the difficulty that the TCC ran into, but they did not have any consumer complaints. None at all.

Mr WILKINSON - That was my question.

Mrs SMITH - In your scheme there is a reporting process to the Director of Building Control. July 2004 to September 2004 is the only time line we can talk to you about. There were certain commitments in that to make daily reports, then monthly reports, quarterly reports, et cetera. In your time with the TCC were all those obligations met?

Mr DIPROSE - Yes, and they continued to be met quite well, in my judgment, by the man who replaced me as registrar.

Mrs SMITH - So you believe all of those reporting processes have been met, in your knowledge?

Mr DIPROSE - Yes. There were other things that were not done, like the joint industry council, but this one was fine.

Mrs SMITH - I am looking specifically at your heading of reporting to the director?

Mr DIPROSE - Yes, perfectly all right. To answer your earlier question, I am not blaming anyone else either on this. I think they did a good job and continue to do so. The area I am somewhat critical of is the failure of the development aspect of the act. The regulation, I think, is well done and I think the people who do it, do it well. That is what they do for living.

CHAIR - On your estimate of one manager and an office employee, it was going to cost, in the first year, \$308 356 to run the business.

Mr DIPROSE - That is right.

CHAIR - Then, expanding out to the third year, \$359 239 and a few cents.

Mr DIPROSE - Yes.

CHAIR - With that as a backdrop, do you have any view about the recent agreement reached between the Government and the TCC as to the payment of \$143 000 by the TCC, being an assessment of the operating costs of accrediting building practitioners for the eight months of this financial year during which the Government takes over the scheme? In your assessment, based on the figures which you presented to the Government, is \$143 000 adequate?

Mr DIPROSE - I am under oath. I am going to tell you the whole truth. I do not know.

CHAIR - You don't know?

Mr DIPROSE - I can give you my judgment. The \$1 350 was not a bad number. If the thing was run without cost to taxpayers, my judgment would be that it would be great. I think Workplace Standards would be hitting the builders for \$500 a year, because in Canberra companies pay \$750. As soon as you get the taxpayer paying for the development aspects, the complaint aspects, the inspection aspects, the great unknown consumer aspects, as soon as the Government is paying for that, then \$149 000 is plenty. It is sufficient. I will read you an e-mail and it will help you in answer to that question. It is to Roy Ormerod:

'Dear Roy,

There is a list of items which I own and what are not the TCC's to deed to Peter Hoult. I need time to inspect the premises at 295 Macquarie Street and mark those items which are mine. Can you please give me a suitable time and date in the morning of any working day? Please note that the practitioners are carrying my trademark for the next eight months. At the moment poor Peter Hoult owes me about half a million dollars, calculated by a reputable accounting firm, for my trademark, but he has no way of paying me because, as you say, there's never going to be any way the Government will pay for the scheme they use or the indoor rental property which I still own. Therefore, I would like to have an appointment with Peter Hoult as signatory of the infamous John White before the Crown deed to work out a constructive solution, such as supporting the use of the Australian Compliance Corporation trademark where appropriate. You need to write to all building practitioners with the outcome of any of the meetings between Peter and me.'

And the reply:

'Dear David,

Permission will not be granted for you to enter the premises at 295 Macquarie Street. TCC, by way of deed, has given clear title to all assets in the building' -

'All assets in the building' - it doesn't even say that in the deed. It says 'the assets they own'. It goes on:

'to the Crown. Any debt to you resulting in the transfer is a matter between you and the TCC. Furthermore, Peter Hoult will not be meeting with you.'

You asked me my opinion of the deed and the amounts of money and so on; I am not able to answer that question. All I can do is to read you something that is on the public record between me and the Government.

Ms FORREST - Just going back to the matter before, there is obviously some confusion about the status of the TCC. There is a letter here from the Minister for Infrastructure, Energy and Resource's office of 4 August 2004. It states:

'The TCC is a not-for-profit public administration company.'

Obviously there is some confusion here. Would you like to make a comment about how that confusion has arisen?

Mr DIPROSE - No, I don't know about that. The company was registered on 21 March by the Australian Securities Investment Commission as a normal company. One of the members of this committee has seen the output of the ASIC database and that is the public record on which people rely. There was a due diligence, which you have a copy of. I am sorry but someone from the Government is going to have to tell you when they got that due diligence. I think it was raised by Treasury. It asks the questions that I should have asked. I am fairly certain that, combined with the public record, that this was a company which was lodged on 21 March, some time before the document you refer to, and about the due diligence I would say that there should not have been a doubt. It seems to me it slipped through in a meeting very early in July the year before. That was my feeling of where I would like to be. The fact that the company decided to supply its registration to the Government, with the due diligence stating the nature of the company, should have taken away any doubts. There it is; it is not as if you don't have it on your government records.

Mrs SMITH - I go back to the issue of monopoly versus more than one.

Mr DIPROSE - There is no monopoly.

Mrs SMITH - The letter of 11 June 2003 from the Tasmanian Compliance Corporation to the Director of Building Control says:

'The compliance corporation submits to the minister that there be a single body for the accreditation of builders.'

Mr DIPROSE - Correct.

Mrs SMITH - It goes on:

'Our grounds include the need for consistent regulation in such a small marketplace.'

Would you like to marry that up with your comments that being first to market would give you an advantage over any others that would come into the industry? Did you think the minister would not consider, even though it is written in a letter here, the request for a single body?

Mr DIPROSE - We, the Housing Industry Association, the master builders, the architects, the Engineers Institute of Australia, the building surveyors, the service designers, the demolishers and the other subcontractor groups which I am attempting to get together now, all of those groups signed a memorandum about setting up the joint industry group. The joint industry group's view to Minister Cox was that there would be one body - not two, not three, but one - and that was a unanimous position of the industry. That letter is simply saying that I do not want to get into running a company where I have to build a bridge and have three different engineers on it, or run the rules of the road and have three different drivers licences. When the architects and the engineers, the very protagonists who took it to court, say, 'We want one body', this is saying, 'If we win it we want to be the only one. If Diprose and his crowd win it they want to be the only one. If Roy Ormerod and the Consumer Affairs department win it they want to be the only one'. There were three people pitching for this job and one person got it. To suggest, just because the front page of the *Mercury* says so, that it is a monopoly is a misuse of the word and a misunderstanding of the meaning of the English language. The word 'monopoly' should be struck from this committee. There is no such thing as giving a contract with three protagonists putting up prices. Let me tell you, the Consumer Affairs price was \$475 a year and that is \$25 a year more than mine. Don't you dare suggest to me that it was a monopoly. That is ridiculous! Public/private processes projects are common practice throughout Australia. The reason is that it only costs \$1.6 million to run this without taxpayers' money. Why do you think we got the job? Because we were cheaper, more efficient, more progressive and under my control had more leadership thoughts, a more progressive culture, if you like.

What I see now is everyone saying, 'Good God, it's a monopoly'. Tell me one contract that has been won where there were three people on a competitive bid and the person who won it is then pilloried as a monopolist. It is just not right to say that. I will tell you what is a monopoly - the driver's licence and every other government licence in this State is a monopoly. Not only that, quite often these licences are a restriction of trade, viz. the poor bloke who had to sack 15 people last week on the Cambridge job. This is very dangerously turning from a private monopoly with a bit of a progressive view to improving industry. I had my training as a member of the Master Builders in 1973 and that is 33 years ago. I had hair then and I was a young man starting out. I owe something to this industry and I am giving something back to it. I do not believe to call it a monopoly is right at all. We had something going.

What is likely to replace it is a government monopoly which is simply and purely going to be doing regulation. I am terrified that they are going to completely forget the development aspects of the Building Act. They are going to be running around saying to

people, 'You're supposed to build 500 square metres and you're building 505 square metres, so you can't get the project - sack 15 people'. I am sorry, but it is going to be a worse monopoly now than it was when this company was running because at least we had to put up with the pressures of the HIA, the MBA and everyone else from the industry. I guess that is why we were appointed, because we would do that.

Mrs SMITH - So you do not accept that when Minister Green wrote to other parties and said, as is his right, he had decided that in the best interests of the industry one company should run it, that did not make it a monopoly because he could have changed his mind down the track under the act?

Mr DIPROSE - I don't wish to answer that. That is part of a different term of reference. That comes into the first term of reference, I am sorry. By the way, it was not Minister Green; it was Minister Cox who gave us this.

Mrs SMITH - I accept that. I am talking about further -

Mr DIPROSE - At no stage did Minister Cox give us any undertakings that there would not be consideration of other authorised bodies. I do not believe that any mistakes were made by the Government in relation to this.

I want to speak in favour of two things - first of all, the structure that was put to you by the training board, which I think is fantastic and I support it 100 per cent in its entirety. I think if you are going to have an organisation that deals with the development of the industry then it ought to be the one that has the act of parliament that gives it the development of the industry and not one that doesn't. The second thing is I want to speak in favour of the actions of Doug Parkinson. I think there should be more politicians in this Parliament; there should be twice as many as there are now. I think Sir Guy Foot's report, back in Robin Gray's time, was absolutely accurate. I think the decision to halve the number of parliamentarians was a disgrace and I think that I will be forming the Tasmanian Constitution Society to double the number of members of parliament because of the problems that have occurred that have led to this committee. Doug Parkinson, as a member of parliament, is entirely right to ask for the department to look into things which should have been done in my submission and were never done, particularly the industry council. I think Mr Parkinson did the right thing and I am very dismayed to hear that people have been criticising him over his request to the department to look into it in October 2005. There was some criticism of him in relation to delays. I think parliamentarians ought to stick together and I think they ought to support Doug in doing what he tried to do, to get this looked into at the time. I think he did a fantastic job and if you would like to pass that on -

Ms THORP - I'm sorry, I think there is a bit of confusion here. I am not aware of Mr Parkinson asking for an inquiry.

Mr DIPROSE - I read in the paper that Mr Parkinson had asked for an inquiry and had been criticised for it. If members of parliament had asked the public service to look into it in 2005, there should be no criticism of the delays that took place.

CHAIR - You are at cross-purposes there. You need to have a look at the *Hansard*. We won't go into that issue now. We are aware of what the circumstances are, but you need to familiarise yourself with what actually happened in the Parliament.

Thank you, David, for your time. It may be that we need to get you back at some stage.

Mr DIPROSE - I am very pleased that you have given me the opportunity, Paul. I hope you enjoy reading those books because that is the real industry.

THE WITNESS WITHDREW.